

CITY OF BISMARCK EMPLOYEES PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006

	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter		Month	Allocation		Quarter		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
Net													
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	1,464,474	3.1%	3.0%	7.70%	0.30%	1,357,417	3.0%	3.0%	1.81%	9.65%	11.88%	N/A	N/A
Total Structured Growth	1,464,474	3.1%	3.0%	7.70%	0.30%	1,357,417	3.0%	3.0%	1.81%	9.65%	11.88%	12.99%	0.19%
Russell 1000 Growth				5.93%	0.34%				3.94%	10.10%	6.12%	8.34%	-0.77%
<i>Structured Value</i>													
LSV	1,492,239	3.1%	3.0%	8.13%	1.98%	1,392,736	3.1%	3.0%	4.48%	12.97%	15.93%	21.06%	12.29%
Russell 1000 Value				8.00%	2.24%				6.22%	14.72%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	1,403,358	2.9%	3.0%	7.80%	1.47%	1,299,617	2.9%	3.0%	3.51%	11.58%	12.49%	12.73%	3.75%
Russell 1000				6.95%	1.28%				5.06%	12.36%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>													
Northern Trust	1,413,445	3.0%	3.0%	6.42%	1.61%	1,326,246	2.9%	3.0%	6.56%	13.40%	9.33%	11.32%	2.81%
Westridge	1,585,877	3.3%	3.0%	6.86%	1.43%	1,482,915	3.3%	3.0%	5.68%	12.94%	8.80%	11.46%	2.80%
Wells Capital	970,427	2.0%	2.0%	13.95%	6.60%	847,923	1.9%	2.0%	1.21%	15.33%	N/A	N/A	N/A
Franklin	944,630	2.0%	2.0%	5.52%	1.97%	891,568	2.0%	2.0%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	4,914,379	8.3%	8.0%	7.79%	2.57%	4,548,652	8.1%	8.0%	5.15%	13.34%	8.58%	11.40%	2.76%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>													
State Street	639,533	1.3%	1.4%	8.05%	2.52%	591,044	1.3%	1.4%	5.79%	14.30%	9.62%	11.55%	2.70%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	9,913,982	20.8%	20.0%	7.85%	1.98%	9,189,466	20.3%	20.0%	4.32%	12.50%	10.93%	13.21%	3.86%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	4,289,773	9.0%	8.6%	8.85%	0.35%	3,934,838	8.7%	8.6%	-0.01%	8.84%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				9.43%	0.50%				0.94%	10.46%	16.86%	21.06%	10.71%
Callan	1,686,146	3.5%	3.4%	8.45%	0.29%	1,527,501	3.4%	3.4%	-0.91%	7.46%	N/A	N/A	N/A
Russell 2000				8.90%	0.33%				0.44%	9.38%			
TOTAL SMALL CAP DOMESTIC EQUITY	5,975,920	12.5%	12.0%	8.74%	0.34%	5,462,338	12.1%	12.0%	-0.27%	8.45%	13.40%	18.25%	7.97%
Russell 2000				8.90%	0.33%				0.44%	9.38%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	552,582	1.2%	1.1%	11.53%	3.43%	495,659	1.1%	1.1%	3.40%	15.32%	27.85%	20.61%	6.87%
MSCI EAFE (1)				10.35%	3.14%				3.93%	14.69%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>													
Capital Guardian	1,618,517	3.4%	3.3%	8.42%	3.23%	1,491,429	3.3%	3.3%	4.95%	13.79%	28.01%	21.32%	6.58%
LSV	1,627,920	3.4%	3.3%	10.85%	4.76%	1,468,655	3.2%	3.3%	5.93%	17.43%	27.77%	N/A	N/A
Bank of Ireland	534,110	1.1%	1.1%	9.82%	1.93%	486,450	1.1%	1.1%	3.02%	13.14%	22.00%	19.16%	N/A
Total Large Cap - Active	3,780,548	7.9%	7.7%	9.65%	3.69%	3,446,534	7.6%	7.7%	5.09%	15.23%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>													
Lazard	546,890	1.1%	1.1%	15.51%	4.41%	473,447	1.0%	1.1%	1.38%	17.11%	25.04%	29.34%	N/A
Wellington	518,017	1.1%	1.1%	9.14%	3.39%	473,928	1.0%	1.1%	3.21%	12.65%	23.35%	25.26%	N/A
Total Small Cap - Active	1,064,907	2.2%	2.2%	12.33%	3.91%	947,375	2.1%	2.2%	2.29%	14.90%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.55%	13.13%	29.21%	32.36%	N/A
TOTAL INTERNATIONAL EQUITY	5,398,036	11.3%	11.0%	10.36%	3.72%	4,889,568	10.8%	11.0%	4.36%	15.18%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY													
<i>Core</i>													
JP Morgan	189,648	0.4%	0.3%	17.51%	5.15%	161,122	0.4%	0.3%	7.76%	26.63%	N/A	N/A	N/A
PanAgora	159,741	0.3%	0.0%	17.38%	4.93%	135,934	0.3%	0.0%	4.96%	23.20%	N/A	N/A	N/A
WestLB	161,891	0.3%	0.0%	17.37%	4.21%	137,786	0.3%	0.0%	2.94%	20.82%	N/A	N/A	N/A
UBS	285,648	0.6%	0.6%	16.12%	4.50%	245,500	0.5%	0.6%	4.67%	21.54%	N/A	N/A	N/A
Total Core	796,928	1.7%	1.3%	16.75%	4.58%	680,342	1.5%	1.3%	5.09%	22.69%	35.59%	32.44%	18.61%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	22.39%	12.89%
<i>Small Cap</i>													
DFA	184,073	0.4%	0.4%	20.71%	4.64%	152,155	0.3%	0.4%	8.53%	31.01%	N/A	N/A	N/A
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%			
TOTAL EMERGING MARKETS EQUITY	981,001	2.1%	2.0%	17.47%	4.59%	832,497	1.8%	2.0%	5.71%	24.17%	34.40%	32.05%	18.40%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	1,665,702	3.5%	3.5%	1.78%	-0.52%	1,632,663	3.6%	3.5%	4.29%	6.14%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
<i>Index</i>													
Bank of ND	3,009,144	6.3%	7.3%	0.88%	-0.77%	3,025,108	6.7%	7.3%	3.77%	4.68%	-1.37%	1.53%	5.24%
Total Index	3,009,144	6.3%	7.3%	0.88%	-0.77%	3,025,108	6.7%	7.3%	3.77%	4.68%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.04%	-0.76%				3.91%	4.99%	-1.52%	1.60%	5.13%
<i>Convertibles</i>													
TCW (2)	-	0.0%	0.0%	N/A	N/A	1,418,857	3.1%	3.5%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	1,529,153	3.2%	3.5%	N/A	0.41%		0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	1,529,153	3.2%	3.5%	4.93%	0.41%	1,418,857	3.1%	3.5%	2.85%	7.92%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles (3)				5.01%	0.38%				2.79%	7.94%	9.37%	8.01%	4.94%

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	Allocation		Quarter		Month	Allocation		Quarter		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006	6/30/2006
BBB Average Quality													
Wells Capital	1,665,023	3.5%	3.5%	2.07%	-0.39%	1,628,090	3.6%	3.5%	4.58%	6.74%	-2.70%	3.36%	5.51%
<i>Lehman BBB</i>				1.49%	-0.94%				4.80%	6.36%	-2.37%	2.39%	6.10%
Private Debt													
Prudential	1,659,956	3.5%	3.5%	1.47%	-0.34%	1,632,976	3.6%	3.5%	3.84%	5.37%	-0.13%	N/A	N/A
<i>Lehman Aggregate</i>				1.24%	-0.58%				3.81%	5.09%	-0.81%	N/A	N/A
Timberland													
TIR - Teredo (4)	1,218,389	2.6%	2.6%	2.22%	-0.06%	1,161,802	2.6%	2.6%	-0.19%	2.03%	-1.44%	7.62%	N/A
TIR - Springbank	2,489,825	5.2%	5.2%	-0.20%	-0.03%	2,433,776	5.4%	5.4%	-0.06%	-0.25%	13.53%	N/A	N/A
Total Timberland	3,708,214	7.8%	7.8%	0.59%	-0.04%	3,595,578	7.9%	7.9%	-0.10%	0.49%	9.43%	20.37%	N/A
<i>NCREIF Timberland Index</i>				0.85%	0.28%				0.85%	1.71%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	13,237,192	27.8%	29.0%	1.58%	-0.30%	12,933,273	28.5%	29.0%	2.67%	4.30%	3.12%	8.91%	8.14%
<i>Lehman Aggregate</i>				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS													
Core													
Loomis Sayles	1,419,245	3.0%	3.0%	4.69%	1.02%	1,355,582	3.0%	3.0%	4.85%	9.77%	4.74%	N/A	N/A
Sutter/Wells Capital	1,351,991	2.8%	3.0%	1.39%	-0.13%	1,334,380	2.9%	3.0%	2.84%	4.27%	4.70%	N/A	N/A
Total Core	2,771,236	5.8%	5.9%	3.05%	0.46%	2,689,962	5.9%	6.0%	3.84%	7.01%	4.72%	5.70%	3.38%
<i>LB High Yield 2% Issuer Contstrained Index</i>				4.11%	1.11%				3.76%	8.02%	4.38%	N/A	N/A
Mezzanine Debt													
Goldman Sachs	33,743	0.1%	0.1%	0.00%	0.00%	19,270	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	2,804,979	5.9%	6.0%	3.04%	0.46%	2,709,233	6.0%	6.0%	3.82%	6.97%	4.72%	8.34%	7.47%
<i>LB High Yield 2% Issuer Contstrained Index</i>				4.11%	1.11%				3.76%	8.02%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME													
International Sovereign													
UBS Global (Brinson)	2,121,343	4.5%	4.8%	1.88%	-1.99%	2,067,120	4.6%	4.8%	-0.15%	1.72%	0.13%	5.24%	9.99%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				2.09%	-2.12%				0.89%	3.00%	-0.11%	5.01%	9.58%
International Core													
Brandywine	2,163,655	4.5%	4.8%	2.84%	-1.24%	2,118,666	4.7%	4.8%	1.93%	4.83%	3.89%	8.39%	N/A
<i>Lehman Global Aggregate (ex-US)</i>				2.57%	-1.80%				1.13%	3.73%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	4,284,997	9.0%	9.5%	2.37%	-1.61%	4,185,787	9.2%	9.5%	0.89%	3.28%	2.01%	6.82%	10.91%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				2.09%	-2.12%				0.89%	3.00%	0.00%	5.05%	9.60%
REAL ESTATE													
INVESCO	2,036,356			0.14%	0.00%	2,083,953			1.55%	1.69%	23.84%	N/A	N/A
J.P. Morgan Strategic & Special Funds	2,136,572			4.17%	1.69%	2,106,681			4.36%	8.72%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	499,496			0.00%	0.00%	461,516			-2.82%	-2.82%	N/A	N/A	N/A
TOTAL REAL ESTATE	4,672,425	9.8%	9.5%	1.94%	0.77%	4,652,149	10.3%	9.5%	2.40%	4.38%	22.09%	17.14%	12.52%
<i>NCREIF TOTAL INDEX</i>				3.51%	1.16%				3.51%	7.14%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS													
Coral Partners V	13,699			1.68%	0.00%	21,372			-0.31%	1.36%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	1,667			8.05%	0.00%	1,941			-0.70%	7.29%	10.53%	10.33%	N/A
Coral Partners VI	28,426			-2.87%	0.00%	32,830			-0.08%	-2.95%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	4,093			2.07%	2.07%	4,498			4.03%	6.18%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	7,423			4.42%	4.42%	11,164			8.99%	13.81%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	23,936			2.97%	2.97%	26,079			4.86%	7.98%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	16,285			-1.63%	-1.63%	18,570			8.12%	6.36%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	9,172			-6.73%	-6.73%	11,032			9.58%	2.20%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	2,720			5.60%	5.60%	2,889			3.05%	8.82%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	3,405			25.02%	25.02%	4,192			16.69%	45.89%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	6,594			0.83%	0.83%	7,337			26.11%	27.15%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	6,659			-19.07%	-19.07%	9,230			7.27%	-13.19%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	11,898			31.26%	20.81%	12,399			17.05%	53.64%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	9,482			12.56%	12.56%	8,024			21.45%	36.70%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	3,515			7.00%	7.00%	2,976			-0.77%	6.18%	24.56%	N/A	N/A
Brinson BVCF IV	39,162			10.81%	0.00%	39,647			9.17%	20.98%	31.35%	19.07%	0.41%
Adams Street Direct Co-investment Fund	4,066			-5.02%	0.00%	4,803			N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	28,974			12.96%	0.00%	28,776			-5.52%	6.72%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	66,706			0.27%	0.00%	52,926			0.71%	0.98%	-0.85%	N/A	N/A
InvestAmerica	12,172			0.00%	0.00%	13,654			30.21%	30.21%	0.00%	-9.20%	N/A
Hearthstone MSII	950			0.00%	0.00%	330			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	5,030			-1.32%	0.00%	772			38.24%	36.42%	59.61%	N/A	N/A
Quantum Resources	6,156			N/A	N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	312,192	0.7%	1.0%	3.68%	0.92%	315,440	0.7%	1.0%	6.16%	10.07%	11.08%	10.40%	-2.89%
CASH EQUIVALENTS													
Northern Trust STIF/STEP	50,776	0.1%	0.0%	1.30%	0.38%	142,336	0.3%	0.0%	1.34%	2.65%	4.31%	2.64%	2.41%
<i>90 Day T-Bill</i>				1.26%	0.44%				1.33%	2.60%	4.00%	2.37%	2.25%
TOTAL FUND	47,631,502	100.0%	100.0%	5.22%	0.85%	45,312,087	100.0%	100.0%	2.80%	8.16%	9.13%	12.57%	7.23%
POLICY TARGET BENCHMARK				4.57%	0.53%				3.30%	8.01%	6.25%	8.80%	5.55%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Tored properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.